How Does Place Matter?
Session 2: Social Interactions

Comments

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Key points from the Sampson and Raphael/Stoll Papers:

Sampson:
- Social networks can have both positive and negative effects on crime
- Crime in poverty neighborhoods persistent over time
- Contrary to conventional wisdom, new immigrant communities have lower crime rates
- First generation immigrants less likely than second and third generation immigrants to commit violent crimes

Raphael/Stoll:
- Difficult to sort out the casual relationship between crime and neighborhood attributes—chicken and egg problem
- Criminal activity may be a rational choice

In both papers, neighborhood attributes focus on poverty and jobs
What Other Neighborhood Characteristics Might Impact Crime?

Decker and Ni (2008) estimates that homeownership has a significant negative impact on property and violent crime

1% increase in homeownership decreases property crime by 1.1%

1% increase in homeownership decreases violent crime by 0.79%

Authors recommend promoting homeownership in low income communities to address high crime rates.

What is the mechanism by which homeownership impacts crime?
Social Capital

Generally defined as social and civic engagement in the community

From an economist’s perspective, social capital is an unusual good:
   Not traded in the marketplace
   Byproduct of a collection of individual choices on how to spend their time

Measures of Social Capital
   Volunteer activities
   Participation in community or government organizations
   Political participation: voting, planning board meetings, etc.
Trends in Social Capital


Growing community heterogeneity (particularly wage inequality) was the best predictor of declines in social capital.

Rising labor force participation among women was also an important predictor of declines in social capital.
Homeownership and Social Capital

Homeownership encourages investments in social capital (DiPasquale & Glaeser (1999))

Increases in homeownership increase:

- Memberships in nonprofit organizations
- Voting in local elections
- Knows US representative
- Knows school board head
- Helps to solve local problems

A large portion of the effect of homeownership on increased investments in social capital are due to lower mobility rates of homeowners
Policy Implications

Length of time in the community encourages investment in the community regardless of housing tenure.

Policies that encourage a long-term stable stock of affordable housing (public housing, the LIHTC) could help to increase community commitment.

Homeownership has a separate but much smaller impact on community investment.

Affordable homeownership programs could play a role but, as the subprime mortgage crisis illustrates, homeownership can present substantial financial risks on low income households.